

## Chapter 13      Economic Development & Tourism

### Introduction

The City of Harrisonburg expresses its concern for the economic health of the community through its economic development and tourism programs. The promotion of business and industrial investment along with jobs retention and creation supports the City's tax base, increases property values, provides work opportunities for the citizens, helps reduce poverty, and moves the City toward economic stability and self-sufficiency. This chapter focuses on Harrisonburg's economic health and the efforts to maintain and enhance it through economic development and tourism promotion.

### Background

#### Economic Conditions

**Labor:** Harrisonburg has a diverse employment base. The City is primarily supported by non-agricultural employment in the form of manufacturing, trade, tourism, retail trade, and professional services. Consistent with national trends, Harrisonburg saw substantial growth in Services and Retail Trade employment between 1998 and 2008. The largest growth (7.3 percent), however, was in the Transportation, Communications, and Utilities sector, which includes establishments in transportation, communication, gas, and electric services. According to Virginia Employment Commission (VEC) projections for the Northwest Region of Virginia, this industry is projected to be among the fastest growing, along with Retail Trade, Services, and Construction, through 2008.

Harrisonburg enjoyed substantial growth in manufacturing employment (6.8 percent) in the last decade, whereas most areas in the country, and particularly on the East Coast, suffered major losses in manufacturing. With the exception of the 2.3 percent decrease in federal government employment, the largest decrease in Harrisonburg was in agriculture. It is important to note this category is comprised of farming, ranching, forestry, and fishing establishments, and that many of Harrisonburg's agriculture-related jobs (e.g., those in food processing, equipment manufacturing, feed production) are classified as manufacturing employment.

The City's increase of unemployment, up to 4.2 percent in 2008, can largely be attributed to the general economic slowdown, and should decrease over time. Table 13-1 shows Harrisonburg's unemployment rate compared to that of the Harrisonburg-Rockingham Metropolitan Statistical Area (MSA), the Central Shenandoah Planning District, and Virginia.

**Table 13-1. Labor and Unemployment Levels in 1998 and 2008**

	Virginia	CSPDC	Rockingham County	Harrisonburg
<b>1998</b>				
Total Labor Force	3,483,900	125,660	54,615	18,052
Number of Unemployed	99,247	2,406	709	243
Number of Workers Employed	3,384,653	123,226	53,906	17,809
Unemployment Rate	2.8%	1.9%	1.3%	1.3%

2008				
Total Labor Force	3,124,766	147,692	64,834	23,013
Number of Unemployed	164,755	5,788	2,380	963
Number of Workers Employed	3,960,011	141,904	62,454	22,050
Unemployment Rate	4.0%	3.9%	3.7%	4.2%

Source: Central Shenandoah Planning District Commission, Economics Research Associates

**Income Trends:** Harrisonburg's 2008 average weekly wage (\$623) was well under the state average (\$885) across all industries. However, the City's wage figures were about the same as those for the Central Shenandoah Planning District (\$622 average weekly wage) and those in Rockingham County (also \$644 average weekly wage). The highest paid trades in the City are Manufacturing (\$758), and Transportation (\$573), Finance, Insurance and Real Estate (\$777) and Government (\$733). The sectors with the lowest average weekly wages were Agriculture (\$591), and Retail Trade (\$496).

Comparing the median Adjusted Gross Income (AGI) in Harrisonburg to that of Virginia and Rockingham County, the 2002-2006 trend shows increases in the City, County, and State medians of 18, 21, and 21 percent, respectively. This trend further expands the gap between Harrisonburg and Virginia median AGIs (from 30 percent higher than the City to 25 percent higher) and virtually eliminated the gap between Harrisonburg and Rockingham County median AGIs. Rockingham County has an AGI of .03 percent higher than Harrisonburg's. The AGI gap between Harrisonburg and Rockingham County is expected to continue to close as higher income households are drawn to the higher valued single family homes being built in the County.

**Table 13-2. Income Trends, 2002 and 2006**

	Virginia	CSPDC	Rockingham County	Harrisonburg
<b>2002</b>				
Average Weekly Wage	\$700	\$522	\$527	\$507
Median Adjusted Gross Income	\$57,924	N/A	\$45,123	\$44,447
<b>2006</b>				
Average Weekly Wage	\$822	\$583	\$457	\$604
Median Adjusted Gross Income	\$70,335	N/A	\$54,469	\$52,672

Source: Central Shenandoah PDC, Economics Research Associates

**Business Investment:** Harrisonburg's active manufacturing businesses and their products are listed in Table 13-3. Note that this list does not include as many poultry processing industries as in previous years. Discussions with the Shenandoah Valley Partnership indicated that recent layoffs and business closures in the local poultry industry are due to a number of factors. Closures of companies like Pilgrim's Pride and Shenandoah Manufacturing are primarily due to buy-outs of small, family-owned businesses by large corporations and are part of a national consolidation trend in the industry. The Virginia poultry industry has also suffered significant setbacks due to an attack of avian flu in 2002. The economic impact of the illness is estimated at \$130 million in cumulative losses to Virginia businesses. Regional, local, and industry leaders are monitoring these trends very closely and are looking for all available technological options to help safeguard the industry.

**Table 13-3. Manufacturing Businesses and Products in Harrisonburg, 2009**

<b>Business</b>	<b>Products</b>
R.R. Donnelley	Adhesive-Bond Soft Cover Books
Montebello Packaging	Aluminum & Plastic tubing
Cargill, Inc.	Poultry Feeds
Christian Light Publications, Inc.	Book Publishing
Comsonics, Inc.	Cable TV Equipment
Daniel's	Printing & Advertising
Eddie Edwards Signs, Inc.	Sign Production
Excel Steel Works, Inc.	Sheet Metal
Frazier Quarry, Inc.	Crushed Stone
Friendship Industries, Inc.	Packaging & Mailing Services
Georges, Inc.	Poultry Processing
Glass & Metals, LLC	Storefronts
Graham Packaging	Plastic Bottles
IntraPac	Tin Tubes
Reddy Ice	Ice Manufacturing
Rockingham Co-Op Farm Bureau	Prepared Feeds
Southern States Cooperative, Inc.	Prepared Feeds
Superior Concrete, Inc.	Ready-Mix Concrete
Suter's Handcrafted Furniture	Handcrafted Furniture
Tyson Foods, Inc.	Poultry Processing
Valley Building Supplies	Precast Concrete & Building Components
Walker Manufacturing, Company	Exhaust Systems

**New Investment:** Table 13-4 shows recent “success stories” in Harrisonburg economic development, while Table 13-5 illustrates companies who have invested in the Harrisonburg Downtown Technology Zone.

**Table 13-4. Investment Activity, 2006 – 2008, Harrisonburg**

	<b>Investment</b>	<b>Employment</b>	<b>New or Expansion</b>
<b>2009</b>			
Atlantic Systems Group	\$0	10	Expansion
Rosetta Stone	\$500,000	100	Expansion
Shenandoah Sustainable Technologies, LLC	\$600,000	72	Expansion
Tyson Foods Inc.	\$3,500,00	130	Expansion
<b>2008</b>			
Montebello Packaging	\$4,000,000	10	New
Tactical & Survival Specialties, Inc	\$ 100,000	21	Expansion
<b>2007</b>			
Ariake USA Inc	\$18,000,000	25	Expansion
Blue Ridge Data Center	\$ 115,000,000	25	New
Tyson Foods, Inc	\$2,500,000	110	Expansion
<b>2006</b>			
Graham Packing Company, L.P.	\$2,400,000	50	Expansion

Kawneer Company, Inc.	N/A	15	Expansion
SI International, Inc	N/A	150	Expansion
Tenneco Inc, Walker Mfg.	\$3,400,000	0	Expansion

Source: Harrisonburg Economic Development

**Table 13-5. Harrisonburg Downtown Technology Zone Companies**

Companies
Rosetta Stone
Gravity Group
Immerge Technologies
Digico
eValley.com
Digital Phenom
Eren Corporation
High Speed Link
The Resource Network
Blue Key Web Design
Vision Technology Group
MLC Advertising
Venture Interactive
Estland Design

**Real Estate and Utilities:** Since the last Comprehensive Plan update, the City's shopping centers have experienced expansions, closures, and revolving vacancies. As these areas remain in flux, the City will continue to observe and promote the usage of vacant shopping center space and other available commercial areas. At the current time, the City is monitoring the opportunities for the Rockingham Square and Waterman Square shopping centers along with the available space that was occupied by Books-A-Million.

The limited availability of M-1, General Industrial District land, particularly of parcels larger than 30 acres, may be an obstacle to business recruitment efforts. Some existing business owners believe the natural gas infrastructure needs major upgrades. Columbia Gas of Virginia, a subsidiary of NiSource, serves the area. Harrisonburg is on the end of their service line and curtailments are a frequent occurrence when temperatures drop below freezing.

Additionally, the City hopes to increase business opportunities, partnerships, and other cooperation for expanded broadband and wireless services.

### Tourism

**Overview:** Harrisonburg Tourism and Visitor Services (HTVS) is the Destination Marketing Organization (DMO) for the City. The HTVS receives funding from the City's General Fund. It does not receive a direct allocation from the City's meals and lodging tax.

The mission of HTVS is to position Harrisonburg as a premier travel destination by promoting and developing creative tourism initiatives to stimulate economic growth in the City. HTVS works in partnership with local businesses, media, travel writers, group tour operators, meeting

and event planners, film scouts, and regional and state tourism partners to increase tourism in our region. HTVS provides the most up to date information to our visitors upon arrival, and works to improve the quality of living for our local community. HTVS operates the Hardesty-Higgins Visitor Center, including the Valley Turnpike Museum, Rocktown Gift Shoppe, and the Civil War Orientation Center, located within the beautifully restored structure on Main Street.

Specific goals include:

- To build a distinct presence in the tourism marketplace by establishing a recognizable and easily marketable "brand" for Harrisonburg.
- To continually develop new tourism products to promote the City.
- To increase awareness of tourism marketing opportunities to our local businesses.
- To enhance the visitors experience through continued research and promotion of our rich history and heritage.
- To market to the motor coach industry by developing sports, heritage, culinary, and educational group travel opportunities.

**Visitor Center:** HTVS operates the Hardesty-Higgins House Visitor Center (HHHVC), a state certified regional visitor center. HHHVC provides space for rack cards, brochures, and various other print publications. Businesses can display posters and event and special promotion flyers. Businesses within the City are encouraged to display retail merchandise, antiques, art, and provide live demonstrations to promote retail business in the City. HHHVC operates Monday-Sunday 9am-5pm; closed only for major Holidays. Visitors are greeted by experienced Travel Staff. Travel Counselors are educated monthly on new opportunities in our region and attend an annual Virginia Tourism Conference for state updates and customer service training.

**Welcome Packages:** HTVS provides welcome packages to groups, event planners, and residents planning weddings, family reunions, and special events. Packages are assembled depending on the visitor's interests. Packages include Sports and Recreation, Arts and Entertainment, History and Heritage, Family Fun, Shopping/Dining/Lodging, or all of the above.

**Marketing and Branding:** HTVS is working to cooperatively market our attractions, buying down advertising with partners both locally and regionally in the Shenandoah Valley. HTVS follows national tourism trends, creating attractive packages and tourism products for the City. HTVS is working to increase awareness of the City by branding in close association with Harrisonburg Economic Development and Harrisonburg Downtown Renaissance slogans and campaigns. HTVS is seeking a strong campaign for cable and satellite broadcasting, targeting the Northern Virginia and DC markets.

**Travel Media and Film Scouts:** HTVS is working with travel writers, and regional and national publications offering narrative to promote Harrisonburg as a premier travel destination. HTVS is working to promote the City in Virginia Living Magazine, SEEN Magazine, Preservation, Southern Living, Frommer's and Foder's Travel Guides, Newsweek, and multiple other print publications. Targeted broadcast stations include Fox News, PBS, and WVPT. Travel Writer requests for stories are submitted monthly. Exposure has continued to increase for the City since the inception of HTVS in July of 2005.

**Group Tour Opportunities:** HTVS has produced a 4 minute media piece to highlight heritage travel in the region and historic tours in Harrisonburg. HTVS currently offers five distinct tours. HTVS is working to increase awareness within the motor coach industry through annual profile updates, our new media piece, and membership in the American Bus Association. Regional partnerships have been formed to attract tours to our region by providing skilled step-on guide service for motor coach tours.

**Meetings and Conferences:** Harrisonburg currently has capacity for hosting events for up to 250 attendees. The City is also host to multiple small meetings and statewide conferences. Larger facilities are located on the campuses of James Madison University (JMU) and Eastern Mennonite University (EMU). HTVS works cooperatively with these establishments to fill leads interested in bringing meeting and conference business to the City. HTVS will continue to pursue the concept of a downtown or city conference facility, working cooperatively with the City and partner agencies.

**Annual Visitor Guide:** HTVS produces an annual visitor guide, which is distributed nationwide. In 2009, HTVS printed 75,000 copies to meet a growing demand.

#### Economic Development

The stated mission of the City's Department of Economic Development is "to increase the number of higher-paying job opportunities available in Harrisonburg by attracting new businesses to this community and assisting existing firms to expand locally."

To that end, the department has set the following goals and underlying strategic objectives.

- Goal: Increase technology-related job opportunities in the City
- Objective: Attract expansion investments from Washington, DC metro area information technology and/or telecommunication firms
- Goal: Attract jobs that pay above-average wages
- Objective: Assist in the attraction and creation of jobs in Harrisonburg that pay greater than \$15.60 per hour (the City's average weekly wage in 2008)
- Goal: Attract capital-intensive operations to the City
- Objective: Increase the machinery and tools tax base located within City limits
- Goal: Improve the overall business climate within the City
- Objective: Strive to make Harrisonburg the best place in Virginia in which to operate a business
- Goal: Pursue regional cooperation in economic development efforts
- Objective: Work in cooperation with other Shenandoah Valley jurisdictions to market the Valley as a strong business region. By pooling marketing resources, the goal is to increase the number of business prospects in the pipeline.

Financing options are available to existing and prospective Harrisonburg firms through:

- Harrisonburg Industrial Development Authority (IDA) – a 7-member board authorized to issue bonds for up to 100 percent of project costs for manufacturing operations.
- Harrisonburg Redevelopment and Housing Authority (HRHA) – a 5-member board authorized to finance projects in the central business district of downtown Harrisonburg.
- Virginia Economic Development Loan Fund (EDLF) – provides fixed-asset financing to new and expanding manufacturing and other companies that a) create new jobs or save at-risk jobs and b) sell 50 percent or more of their products outside of Virginia. Funds can be used for acquisition of land and buildings, construction or improvements to facilities, and the purchase of machinery and equipment.

**Harrisonburg Technology Park:** The City developed the Harrisonburg Technology Park to attract and encourage the development of technology-related businesses. The park is one of only 13 Virginia Technology Zones, a designation that allows the City to provide incentives to targeted businesses for up to 10 years. The Harrisonburg incentive package includes a three-year exemption from business, professional, and occupational license taxes and fees, exemption from water and sewer availability and connection fees, and below-market land prices.

**Shenandoah Valley Partnership:** The Shenandoah Valley Partnership (SVP) is a regional partnership that addresses economic development in the central Shenandoah Valley region. The Partnership includes the Cities of Buena Vista, Harrisonburg, Lexington, and Waynesboro, and the Counties of Augusta, Highland, Page, Rockbridge, Rockingham, and Shenandoah. JMU plays a particularly active role in the Partnership and provides on-campus office space.

The Partnership's Board of Directors is made up of approximately 20 members, split evenly among public and private sector interests. The Executive Committee of the Board provides leadership in regional activities and offers direction to the Shenandoah Valley Partnership's staff.

**Shenandoah Valley Technology Council:** The Shenandoah Valley Technology Council (SVTC) was established in 1997 through a grant written by the office of Research and Program Innovation at JMU. The SVTC provides informational programs and networking opportunities to its members, which include business, government, and education leaders. Standing committees include Planning and Operations, Regional Technology Workforce Development, Marketing, and Entrepreneurship.

**Downtown Renaissance Initiative:** The Harrisonburg Downtown Renaissance was organized by City Council in April 2002. This economic development effort is described in Chapter 14, Revitalization.

## **Economic Development & Tourism Goal, Objectives and Strategies**

Goal 12. To retain and enhance the City's role as the economic and tourism hub of the region, offering a variety of jobs in those sectors that enhance the City's ability to expand its economic base.

Objective 12.1 To increase the number of higher-paying jobs available in Harrisonburg by attracting new businesses and assisting existing firms to expand locally.

- Strategy 12.1.1 To monitor wage levels locally, regionally and in the state so as to determine wage goals.
- Strategy 12.1.2 To continue to recruit new businesses and promote the expansion of existing business that offer full-time permanent jobs paying above the City's current average weekly wage or above a higher wage goal as wage studies suggest.
- Strategy 12.1.3 To continue to assist businesses in taking advantage of financing options available from the Harrisonburg Industrial Development Authority, the Harrisonburg Redevelopment and Housing Authority, the Virginia Economic Development Loan Fund, and the Virginia Small Business Financing Authority Loan Guaranty Program.
- Strategy 12.1.4 To continue the technology business incentive package offered in the Harrisonburg Technology Park.
- Strategy 12.1.5 To make businesses aware through focused outreach of the business planning assistance available from the JMU Small Business Development Center and the Harrisonburg chapter of Service Corps of Retired Executives (SCORE).
- Strategy 12.1.6 To increase living wage job opportunities for all segments of the workforce.
- Strategy 12.1.7 To actively market older shopping centers with high vacancies including consideration of conversion to other uses.
  
- Objective 12.2 To increase business linkages with James Madison University, Eastern Mennonite University, Blue Ridge Community College, and National College.
  - Strategy 12.2.1 To continue and expand cooperative efforts between the City and the universities to promote new businesses that capitalize on university resources and the graduate employment pool. For example, the City and universities could hold annual summits to explore ways to expand business and job opportunities. Such summits should involve university business program faculty and staff, current students, and graduates.
  - Strategy 12.2.2 To involve JMU in efforts to revitalize downtown. An example of such involvement might include the expansion of cultural offerings through the planned Cultural Arts campus.
  
- Objective 12.3 To work with the Shenandoah Valley Partnership and the Shenandoah Valley Technology Council on regional economic development initiatives.
  - Strategy 12.3.1 To increase participation and investment in the Shenandoah Valley Partnership from both the public and private sectors including new businesses and industries.



- Strategy 12.3.2 To participate actively in the Shenandoah Valley Technology Council so as to keep abreast of technology trends and support the infrastructure necessary to attract high-tech businesses.
- Objective 12.4 To build a distinct presence in the tourism marketplace to increase tourism in Harrisonburg.
- Strategy 12.4.1 To establish a recognizable and easily marketable “brand” for Harrisonburg and to market that brand through print, media, and electronic marketing, in travel magazine advertising, brochures, rack cards, small meeting, conference, and group tour promotional materials.
- Strategy 12.4.2 To provide interpretation of the Arts, Culture, and History of Harrisonburg through orientation at the Hardesty-Higgins Visitors Center.
- Strategy 12.4.3 To partner with local attractions, retail businesses, restaurants, museums, entertainment venues and lodging partners to develop products to increase motor coach tourism.
- Strategy 12.4.4 To encourage the development of expanded conference and meeting facilities in the City.
- Strategy 12.4.5 To support the Harrisonburg Tourism and Visitor Services in implementing these strategies.